

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

# **BLUMFIELD TOWNSHIP**

Saginaw County, Michigan

## **FINANCIAL STATEMENTS**

March 31, 2006

# BLUMFIELD TOWNSHIP

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## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Blumfield Township,  
Saginaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blumfield Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blumfield Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blumfield Township, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blumfield Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

*Berthiaume & Co.*

June 20, 2006

## ***BASIC FINANCIAL STATEMENTS***

# BLUMFIELD TOWNSHIP

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## STATEMENT OF NET ASSETS

March 31, 2006

	<u><i>Governmental Activities</i></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 477,379
Taxes receivable	7,124
Accounts receivable	6,982
Special assessments receivable	77,617
Interest receivable	4,855
Due from other governmental units	30,566
Prepaid expenses	<u>6,222</u>
Total current assets	<u>610,745</u>
 <b>Noncurrent Assets:</b>	
Capital assets:	
Nondepreciable capital assets	51,500
Depreciable capital assets, net	498,018
Special assessments receivable - net of current portion	<u>480,811</u>
Total noncurrent assets	<u>1,030,329</u>
Total assets	<u>1,641,074</u>
 <b>Liabilities:</b>	
Accounts payable	16,672
Accrued interest payable	5,898
Due to other governmental units	1,165
Deposits payable	1,025
Long-term liabilities:	
Due within one year	102,886
Due in more than one year	<u>728,394</u>
Total liabilities	<u>856,039</u>
 <b>Net assets:</b>	
Invested in capital assets, net of related debt	388,352
Restricted for:	
Debt service	(12,669)
Capital projects	1,412
Nonexpendable cemetery principal	77,129
Unrestricted	<u>330,811</u>
Total net assets	<u>\$ 785,035</u>

*The accompanying notes are an integral part of these financial statements.*

# BLUMFIELD TOWNSHIP

## STATEMENT OF ACTIVITIES

Year Ended March 31, 2006

		<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>	
<b>Functions/Programs</b>						
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government	\$ 117,983	\$ 28,060	\$ 3,493	\$ 5,000	\$ (81,430)	
Public safety	52,175	-	1,521	-	(50,654)	
Public works	218,508	81,458	3,247	-	(133,803)	
Community and economic development	3,677	1,960	-	-	(1,717)	
Recreation and culture	9,100	-	-	-	(9,100)	
Interest on long-term debt	<u>31,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,912)</u>	
Total governmental activities	<u>433,355</u>	<u>111,478</u>	<u>8,261</u>	<u>5,000</u>	<u>(308,616)</u>	
General revenues:						
Taxes:						
Property taxes, levied for general purpose					72,399	
Property taxes, levied for road improvements					111,772	
Grants and contributions not restricted to specific programs					137,657	
Unrestricted investment earnings					51,701	
Contributions to principal of permanent funds					1,400	
Net contribution from Water Authority for debt service payments					<u>3,700</u>	
Total general revenues, contributions, special items, and transfers					<u>378,659</u>	
Change in net assets					70,043	
Net assets, beginning of year					<u>714,992</u>	
Net assets, end of year					\$ 785,035	

The accompanying notes are an integral part of these financial statements.

# BLUMFIELD TOWNSHIP

## GOVERNMENTAL FUNDS

### BALANCE SHEET

March 31, 2006

		<i>1999</i> <i>Janes Rd.</i> <i>Beyer Rd.</i> <i>Water District</i>	<i>2002</i> <i>N. Gera Rd.</i> <i>M-15</i> <i>Water District</i>	<i>2004</i> <i>W. Haack Rd.</i> <i>Reese Rd.</i> <i>Water District</i>
	<i>General</i> <i>Fund</i>	<i>Debt Service</i> <i># 11</i>	<i>Debt Service</i> <i># 12</i>	<i>Debt Service</i> <i>#14</i>
<b>Assets:</b>				
Cash and cash equivalents	\$ 303,511	\$ 19,528	\$ 50,365	\$ 26,893
Taxes receivable	7,124	-	-	-
Accounts receivable	6,982	-	-	-
Special assessments receivable	-	124,363	203,265	110,065
Interest receivable	-	692	1,628	826
Due from other governmental units	30,566	-	-	-
Prepaid expenditures	6,222	-	-	-
Total assets	<u>\$ 354,405</u>	<u>\$ 144,583</u>	<u>\$ 255,258</u>	<u>\$ 137,784</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 16,671	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-
Deposits payable	1,025	-	-	-
Deferred revenue	-	123,081	203,265	108,228
Total liabilities	<u>17,696</u>	<u>123,081</u>	<u>203,265</u>	<u>108,228</u>
<b>Fund balances:</b>				
Reserved for:				
Prepaid expenditures	6,222	-	-	-
Debt service funds	-	21,502	51,993	29,556
Capital projects	-	-	-	-
Nonexpendable cemetery principal	-	-	-	-
Unreserved:				
General fund	<u>330,487</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>336,709</u>	<u>21,502</u>	<u>51,993</u>	<u>29,556</u>
Total liabilities and fund balances	<u>\$ 354,405</u>	<u>\$ 144,583</u>	<u>\$ 255,258</u>	<u>\$ 137,784</u>

The accompanying notes are an integral part of these financial statements.



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<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ 77,081	\$ 477,378
-	7,124
-	6,982
120,735	558,428
1,710	4,856
-	30,566
-	6,222
<u>\$ 199,526</u>	<u>\$ 1,091,556</u>

\$ -	\$ 16,671
1,165	1,165
-	1,025
<u>119,820</u>	<u>554,394</u>
<u>120,985</u>	<u>573,255</u>

-	6,222
-	103,051
1,412	1,412
77,129	77,129
-	330,487
<u>78,541</u>	<u>518,301</u>
<u>\$ 199,526</u>	<u>\$ 1,091,556</u>

# BLUMFIELD TOWNSHIP

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## RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2006

**Total fund balances for governmental funds** \$ 518,301

Total net assets reported for governmental activities in the statement of  
of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

Governmental capital assets	741,739	
Less accumulated depreciation	<u>(192,221)</u>	549,518

Interest payable in the governmental activities are not payable from  
current resources and therefore are not reported in the governmental  
funds. (5,898)

Deferred revenues reported in the governmental funds are recognized as  
revenues for the governmental activities. 554,394

Long-term liabilities are not due and payable in the current year and  
therefore are not reported in the governmental funds:

Special assessment bonds payable	(415,000)	
Special assessment contracts payable	(255,114)	
Installment purchase contracts payable	<u>(161,166)</u>	<u>(831,280)</u>

**Net assets of governmental activities** \$ 785,035

*The accompanying notes are an integral part of these financial statements.*

# BLUMFIELD TOWNSHIP

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2006

		<i>1999</i>	<i>2002</i>	<i>2004</i>
		<i>Janes Rd.</i>	<i>N. Gera Rd.</i>	<i>W. Haack Rd.</i>
		<i>Beyer Rd.</i>	<i>M-15</i>	<i>Reese Rd.</i>
		<i>Water District</i>	<i>Water District</i>	<i>Water District</i>
	<i>General</i>	<i>Debt Service</i>	<i>Debt Service</i>	<i>Debt Service</i>
	<i>Fund</i>	<i># 11</i>	<i># 12</i>	<i>#14</i>
<b>Revenues:</b>				
Property taxes	\$ 208,355	\$ -	\$ -	\$ -
State grants	150,918	-	-	-
Charges from services	80,875	-	-	-
Interest and rents	15,829	8,590	12,591	6,206
Other revenue	4,269	26,923	17,938	13,610
Total revenues	<u>460,246</u>	<u>35,513</u>	<u>30,529</u>	<u>19,816</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	90,715	-	-	-
Public safety	39,425	-	-	-
Public works	218,508	-	-	-
Community and economic development	3,677	-	-	-
Recreation and culture	9,100	-	-	-
Other	19,523	-	-	-
Capital outlay	13,467	-	-	-
Debt service:				
Principal	17,241	15,000	20,000	12,500
Interest and fees	6,561	8,600	11,513	4,725
Total expenditures	<u>418,217</u>	<u>23,600</u>	<u>31,513</u>	<u>17,225</u>
Excess (deficiency) of revenues over expenditures	<u>42,029</u>	<u>11,913</u>	<u>(984)</u>	<u>2,591</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,442	-	-	-
Transfer from Water Authority	-	-	-	-
Transfers out	-	-	-	-
Transfers to Water Authority	-	-	-	-
Total other financing sources (uses)	<u>2,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	44,471	11,913	(984)	2,591
Fund balances, beginning of year	<u>292,238</u>	<u>9,589</u>	<u>52,977</u>	<u>26,965</u>
Fund balances, end of year	<u>\$ 336,709</u>	<u>\$ 21,502</u>	<u>\$ 51,993</u>	<u>\$ 29,556</u>

The accompanying notes are an integral part of these financial statements.

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<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ -	\$ 208,355
-	150,918
-	80,875
10,635	53,851
<u>40,094</u>	<u>102,834</u>
<u>50,729</u>	<u>596,833</u>
-	90,715
-	39,425
-	218,508
-	3,677
-	9,100
-	19,523
-	13,467
15,000	79,741
<u>1,145</u>	<u>32,544</u>
<u>16,145</u>	<u>506,700</u>
<u>34,584</u>	<u>90,133</u>
-	2,442
13,203	13,203
(2,442)	(2,442)
<u>(46,507)</u>	<u>(46,507)</u>
<u>(35,746)</u>	<u>(33,304)</u>
(1,162)	56,829
<u>79,703</u>	<u>461,472</u>
<u>\$ 78,541</u>	<u>\$ 518,301</u>

# BLUMFIELD TOWNSHIP

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## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2006

**Net change in fund balances - total governmental funds** \$ 56,829

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	13,467	
Less depreciation expense	<u>(20,495)</u>	(7,028)

Debt proceeds are recorded as a revenue in the governmental funds, but as a long-term liability in the statement of net assets (97,165)

Repayments of principal on bonds and contracts are an expenditure in governmental funds, but the payment reduces long-term liabilities in the statement of net assets. 116,775

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest on bonds and contracts payable	<u>632</u>
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**Change in net assets of governmental activities** \$ 70,043

*The accompanying notes are an integral part of these financial statements.*

# BLUMFIELD TOWNSHIP

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*FIDUCIARY FUND*  
**STATEMENT OF NET ASSETS**  
March 31, 2006

	<u><i>Fund</i></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 3,805
Total assets	<u>3,805</u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	<u>3,805</u>
Total liabilities	<u>3,805</u>
<b>Net Assets:</b>	
Unrestricted	<u>\$ -</u>
Total net assets	<u>\$ -</u>

*The accompanying notes are an integral part of these financial statements.*

## ***NOTES TO FINANCIAL STATEMENTS***

# BLUMFIELD TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2006

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of Blumfield Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) has no component units and accordingly, the Township has not consolidated any entities into its financial statements.

#### **JOINT OPERATIONS:**

**Blumfield-Reese Water Authority** - The Village of Reese and Blumfield Township jointly established the Blumfield-Reese Water Authority in 1968. The Authority was organized in order to construct, operate and maintain certain water storage, transmission and distribution facilities and to provide the two municipalities with water it purchases from the City of Saginaw. The Village and the Township have provided financial backing for various debt obligations of the Authority. Separate financial statements can be obtained by contacting the Blumfield-Reese Water Authority, 12810 East Washington, Reese, Michigan 48757.

**Fire Agreement** – In March 2000, the Township and Village of Reese entered into an operating agreement for the purpose of establishing a fire protection system. The expenses related to this agreement are to be shared by the Township and Village of Reese as designated by the agreement. This agreement shall continue in effect for three years and will automatically renew for successive one year periods. The Township's costs related to this fire agreement are accounted for in the General Fund.

**Construction Code Group** – In March 2004, Blumfield Township, Frankenmuth Township and the City of Frankenmuth entered into an operating agreement for the purpose of consolidating the protective inspections for the three units. The expenses related to this agreement are to be shared by the three units as designated by the agreement. The Township's costs related to this protective inspection agreement are accounted for in the General Fund.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.



# BLUMFIELD TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

### **Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the Township.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

### **Fund Financial Statements:**

Separate financial statements are provided for governmental funds and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# BLUMFIELD TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

Property taxes, fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **1999 Janes/Beyer Rd. Water District #11** is used to account for the revenues collected to retire special assessment debt.

The **2002 N. Gera Rd./ M-15 Water District #12** are used to account for the revenues collected to retire special assessment debt.

The **2004 W. Haack Rd./Reese Rd. Water District #14** is used to account for the revenues collected to retire special assessment debt.

### Assets, Liabilities and Equity:

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

**Interfund Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

**Inventories and Prepaid Items** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

# BLUMFIELD TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Distribution system	15-50 years
Equipment	5-25 years
Furniture and equipment	5-25 years
Site improvements	15-25 years
Vehicles	10-25 years

**Compensated Absences** – The Township does not allow the carryover of unused sick or vacation days.

**Long-term Obligations** – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

# **BLUMFIELD TOWNSHIP**

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## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

March 31, 2006

### **Property Taxes:**

Township property taxes are attached as an enforceable lien on property as of July 1 for the summer levy and December 1 for the winter levy. Taxes levied July 1 and December 1 are due without penalty on or before September 14 and February 14, respectively. These tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township boundaries and Saginaw County.

The 2005 taxable valuation of the Township totaled \$75,022,757 on which ad valorem taxes levied consisted of .9533 mills for the Township's operating purposes and 1.4954 mills for road improvements.

The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

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## **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### **Budgetary Information:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Clerk submits to the Township Board a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

### **Excess of Expenditures over Appropriations in Budgeted Funds :**

During the year, the Township did not incur expenditures that were materially in excess of the amounts budgeted.

# BLUMFIELD TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

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### NOTE 2: DEPOSITS

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Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

The Township's deposits are subject to custodial risk, which is presented in more detail as follows:

#### **Custodial Credit Risk of Bank Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to them. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$479,457 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$272,494 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

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### NOTE 3: SPECIAL ASSESSMENTS RECEIVABLE

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The Township has levied special assessments for the financing of water lines within the Township. These special assessments receivable balances as of March 31, 2006 are as follows:

#### **DEBT FUNDS:**

1992 M-46/M-83 Water District #4	\$ 16,463
1994 Block/M-46/Reese Rd., Water District #7	35,735
1994 Janes, East of Beyer, Water District #8	6,666
1997 Reese Road, M-15, Water District #9	31,220
1997 Bradley Road, Water District #10	30,651
1999 Janes Road, Beyer Road, Water District #11	124,363
2002 N. Gera Rd./M-15 Water District #12	203,265
2004 W. Haack Rd./Reese Rd. Water District #14	110,065
	<u>\$ 558,428</u>

# BLUMFIELD TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

### NOTE 4: CAPITAL ASSETS

Primary Government capital asset activity for the year ended March 31, 2006 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets:				
Land	\$ 51,500	\$ -	\$ -	\$ 51,500
Depreciable capital assets:				
Buildings and improvements	375,000	-	-	375,000
Equipment	67,010	11,564	-	78,574
Furniture and equipment	30,000	-	-	30,000
Site improvements	7,384	1,903	-	9,287
Vehicles	197,378	-	-	197,378
	676,772	13,467	-	690,239
Accumulated depreciation	(171,726)	(20,495)	-	(192,221)
Total depreciable capital assets, net	505,046	(7,028)	-	498,018
Capital assets, net	\$ 556,546	\$ (7,028)	\$ -	\$ 549,518
Depreciation expense was charged to functions as follows:				
General government	\$ 7,745			
Public Safety	12,750			
Total governmental activities	\$ 20,495			

### NOTE 5: DEFERRED REVENUE IN GOVERNMENTAL FUNDS

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total Deferred Revenue</u>
Special assessments receivable	\$ 554,394	\$ -	\$ 554,394

Only the unearned component of deferred revenue is carried forward to the government-wide statement of net assets.

# BLUMFIELD TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

### NOTE 6: LONG-TERM LIABILITIES

The Township has installment contracts with Saginaw County that were used to finance water line construction. Installment contracts are general obligations, which are direct obligations of the government and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2006 consisted of the following:

<u><i>Types of Indebtedness</i></u>	<u><i>Maturity</i></u>	<u><i>Interest Rate</i></u>	<u><i>Annual Principal Installments</i></u>	<u><i>Original Loan Amount</i></u>	<u><i>Outstanding at Year-End</i></u>
<b><u>Governmental Activities</u></b>					
<b><i>Special Assessment Bonds:</i></b>					
1992 Issue - Water Distric # 4	10/1/05-10/1/11	6.5-6.75%	5,000-10,000	105,000	40,000
1999 Issue - Water District # 11	10/1/05-10/1/13	5.55%	15,000-20,000	250,000	135,000
2002 Issue - Water District # 12	4/1/06-4/1/17	4.375%	20,000-25,000	320,000	240,000
<b><i>Special Assessment Contracts Payable:</i></b>					
1994 Issue - Water District # 7	3/15/06-3/15/09	5.00%	16,333	245,000	48,999
1994 Issue - Water District # 8	3/15/06-3/15/09	5.00%	3,000	45,000	9,000
1997 Issue - Water District # 9	2/15/06-2/15/12	6.10%	7,834-11,194	114,414	58,184
1999 Issue - Water District # 10	12/1/05-12/1/13	4.85%	4,867	73,000	38,931
2004 Issue - Water District # 14	3/15/06-3/15/14	4.15%	12,500	125,000	100,000
<b><i>Installment Purchase Contracts Payable:</i></b>					
2003 Issue - Town Hall Addition	5/1/05-5/1/13	3.66%	16,475-22,177	195,000	161,166

# BLUMFIELD TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

The following is a summary of long-term liabilities transactions for the year ended March 31, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Special Assessment Bonds:</b>					
1991 Issue - Water District # 3	\$ 15,000	\$ -	\$ (15,000)	\$ -	\$ -
1992 Issue - Water District # 4	45,000	-	(5,000)	40,000	5,000
1999 Issue - Water District # 11	150,000	-	(15,000)	135,000	15,000
2002 Issue - Water District # 12	260,000	-	(20,000)	240,000	20,000
	<u>470,000</u>	<u>-</u>	<u>(55,000)</u>	<u>415,000</u>	<u>40,000</u>
<b>Special Assessment Contracts Payable:</b>					
1994 Issue - Water District # 7	65,332	-	(16,333)	48,999	16,333
1994 Issue - Water District # 8	12,000	-	(3,000)	9,000	3,000
1997 Issue - Water District # 9	66,018	-	(7,834)	58,184	8,314
1999 Issue - Water District # 10	43,798	-	(4,867)	38,931	4,867
2004 Issue - Water District # 13	112,500	-	(12,500)	100,000	12,500
	<u>299,648</u>	<u>-</u>	<u>(44,534)</u>	<u>255,114</u>	<u>45,014</u>
<b>Installment Purchase Contracts Payable:</b>					
2003 Issue - Town Hall Addition	178,407	-	(17,241)	161,166	17,872
	<u>178,407</u>	<u>-</u>	<u>(17,241)</u>	<u>161,166</u>	<u>17,872</u>
	<u>\$ 948,055</u>	<u>\$ -</u>	<u>\$ (116,775)</u>	<u>\$ 831,280</u>	<u>\$ 102,886</u>

Annual debt service requirements to maturity for the above contractual obligations are as follows:

<u>Year Ended March 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 102,886	\$ 38,959	\$ 141,845
2008	109,050	34,026	143,076
2009	105,269	28,748	134,017
2010	87,213	23,691	110,904
2011	98,550	19,386	117,936
2012	94,952	14,569	109,521
2013	74,541	10,298	84,839
2014	83,819	7,025	90,844
2015	25,000	3,281	28,281
2016	25,000	2,188	27,188
2017	25,000	1,094	26,094
	<u>\$ 831,280</u>	<u>\$ 183,265</u>	<u>\$ 1,014,545</u>



# BLUMFIELD TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2006

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### NOTE 7: BLUMFIELD-REESE WATER AUTHORITY

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As discussed in Note #1 concerning the reporting entity, the Township is a participant in the Blumfield-Reese Water Authority. In this connection, Blumfield Township has pledged its financial support and backing for various liabilities of the Authority.

Also, the Township incurred special assessment debt issues #3 through #14 in connection with water system construction activities of the Authority. Annual debt payments on issues #4 through #10 are handled by the Water Authority.

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### NOTE 8: RESTRICTED MILLAGE

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The Township levies an approved road millage of 1.5 mills (1.4954 for 2005) for road construction and road repair and maintenance. A summary of the millage levied and spent, for the year, is as follows:

Balance - March 31, 2005	\$ -
Current property taxes collected	111,772
Expenditures	<u>111,772</u>
Balance - March 31, 2006	<u><u>\$ -</u></u>

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### NOTE 9: INTERFUND TRANSFERS

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Interfund transfers reported in the fund statements were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
<b>Nonmajor governmental fund:</b>	<b>Major Governmental Fund:</b>	
Permanent Fund	General Fund	\$ <u>2,442</u>
	Total	<u><u>\$ 2,442</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# **BLUMFIELD TOWNSHIP**

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## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

March 31, 2006

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### **NOTE 10: RISK MANAGEMENT**

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The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its liability and property risk and worker's compensation insurance by participating in Michigan Township Participating Plan, a public entity risk pool providing property and liability coverage to its participating members. The Township pays an annual premium to Michigan Township Participating Plan for its insurance coverage. The Michigan Township Participating Plan is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

***REQUIRED SUPPLEMENTAL INFORMATION***

# BLUMFIELD TOWNSHIP

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under) Final Budget</i>
<b>Revenues:</b>				
Property taxes	\$ 178,974	\$ 200,974	\$ 208,355	\$ 7,381
State grants	140,191	143,641	150,918	7,277
Charges for services	80,271	80,271	80,875	604
Interest and rents	2,500	7,114	15,829	8,715
Other revenue	2,000	2,000	4,269	2,269
Total revenues	403,936	434,000	460,246	26,246
<b>Expenditures:</b>				
<b>Current:</b>				
General government	94,148	91,148	90,715	(433)
Public safety	47,870	40,870	39,425	(1,445)
Public works	220,026	220,026	218,508	(1,518)
Community and economic development	10,000	8,000	3,677	(4,323)
Recreation and culture	13,600	13,600	9,100	(4,500)
Other	22,300	22,300	19,523	(2,777)
Capital outlay	16,200	16,200	13,467	(2,733)
Debt service:				
Principal	17,244	17,244	17,244	-
Interest and fees	6,558	6,558	6,558	-
Total expenditures	447,946	435,946	418,217	(17,729)
Excess (deficiency) of revenues over expenditures	(44,010)	(1,946)	42,029	43,975
<b>Other financing sources (uses):</b>				
Transfers in	-	-	2,442	2,442
Total other financing sources (uses)	-	-	2,442	2,442
Net change in fund balance	(44,010)	(1,946)	44,471	46,417
Fund balance, beginning of year	292,238	292,238	292,238	-
Fund balance, end of year	\$ 248,228	\$ 290,292	\$ 336,709	\$ 46,417

***OTHER SUPPLEMENTAL INFORMATION***

# BLUMFIELD TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2006

***Current taxes:***

Property taxes	\$ 184,171
Administration fees	24,184
	<u>208,355</u>

***State grants:***

Liquor license fees	1,521
State revenue sharing - sales tax	137,657
Metro Act	3,247
State contribution - election equipment	5,000
State property tax collection reimbursement	3,493
	<u>150,918</u>

***Charges for services:***

Refuse collection fees	78,257
Zoning/Variance Application Fees	1,960
Other	658
	<u>80,875</u>

***Interest and rents:***

Interest	13,679
Remts	2,150
	<u>15,829</u>

***Other revenue:***

Cemetery lots/perpetual care	950
Refunds and rebates	3,201
Other	118
	<u>4,269</u>

Total revenues	<u>460,246</u>
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**Other Financing Sources:**

Transfers from other funds	2,442
	<u>2,442</u>

Total revenues and other financing sources	<u>\$ 462,688</u>
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# BLUMFIELD TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2006

***General Government:***

*Township Board:*

Personnel	\$ 2,100
	<u>2,100</u>

*Supervisor:*

Personnel	8,400
	<u>8,400</u>

*Clerk:*

Personnel	12,400
	<u>12,400</u>

*Audit:*

Contracted services	4,900
	<u>4,900</u>

*Board of Review:*

Contracted services	900
	<u>900</u>

*Treasurer:*

Personnel	12,400
Contracted services	5,781
	<u>18,181</u>

*Assessor:*

Personnel	9,600
Supplies	1,252
	<u>10,852</u>

*Elections:*

Contracted services	600
	<u>600</u>

*Hall and Grounds:*

Supplies	187
Telephone	721
Utilities	3,143
Repairs and maintenance	5,246
	<u>9,297</u>

*Attorney:*

Contracted services	384
	<u>384</u>

# BLUMFIELD TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2006

***General Government, continued:***

*Cemetery:*

Contracted services	105
Utilities	150
Repairs and maintenance	10,900
Other	<u>2,539</u>
	<u>13,694</u>

*Community Activities:*

Contracted services	<u>837</u>
	<u>837</u>

*Other General Government:*

Supplies	731
Dues and memberships	1,383
Transportation	137
Printing and Publications	2,696
Other	<u>3,223</u>
	<u>8,170</u>

Total general government	<u>90,715</u>
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***Public Safety:***

*Police:*

Telephone	<u>349</u>
	<u>349</u>

*Liquor Enforcement:*

Contracted services	<u>1,228</u>
	<u>1,228</u>

*Fire:*

Personnel	1,500
Supplies	3,753
Contracted services	19,968
Telephone	2,188
Dues & memberships	431
Conferences and workshops	2,962
Utilities	2,531
Repairs and maintenance	3,977
Other	<u>538</u>
	<u>37,848</u>

Total public safety	<u>39,425</u>
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# BLUMFIELD TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2006

***Public Works:***

*Roads:*

Contracted services	112,721
	<u>112,721</u>

*Drains - Public Benefit:*

Contracted services	35,673
	<u>35,673</u>

*Street Lighting:*

Utilities	624
	<u>624</u>

*Refuse:*

Contracted services	69,490
	<u>69,490</u>

Total public works	<u>218,508</u>
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***Community and Economic Development:***

*Planning and Zoning:*

Contracted services	3,677
	<u>3,677</u>

Total community and economic development	<u>3,677</u>
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***Recreation and Culture:***

*Parks Department:*

Contracted services	6,000
	<u>6,000</u>

*Library:*

Contracted services	3,100
	<u>3,100</u>

Total recreation and culture	<u>9,100</u>
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***Other:***

Insurance and bonds	15,928
Employer's share of payroll taxes	3,595
	<u>19,523</u>

Total other	<u>19,523</u>
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# BLUMFIELD TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2006

***Capital Outlay:***

General government	8,191
Public safety	<u>5,276</u>
Total capital outlay	<u>13,467</u>

***Debt Service:***

Principal	17,241
Interest and fees	<u>6,561</u>
Total debt service	<u>23,802</u>

Total expenditures	<u>\$ 418,217</u>
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# BLUMFIELD TOWNSHIP

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

March 31, 2006

	<i>Special Revenue Funds</i>			
	<i>1991</i>	<i>1992</i>	<i>1994</i>	<i>1994</i>
	<i>Haack Rd</i>	<i>M-46</i>	<i>Block / M-46</i>	<i>Janes</i>
	<i>M-15</i>	<i>M-83</i>	<i>Reese Rd</i>	<i>East of Beyer</i>
	<i>Water District</i>	<i>Water District</i>	<i>Water District</i>	<i>Water District</i>
	<i>#3</i>	<i>#4</i>	<i>#7</i>	<i>#8</i>
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	16,463	35,735	6,666
Interest receivable	-	180	70	-
Total assets	<u>\$ -</u>	<u>\$ 16,643</u>	<u>\$ 35,805</u>	<u>\$ 6,666</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Due to other governmental units	\$ -	\$ 525	\$ 640	\$ -
Deferred revenue	-	16,118	35,165	6,666
Total liabilities	<u>-</u>	<u>16,643</u>	<u>35,805</u>	<u>6,666</u>
<b>Fund balances:</b>				
Reserved for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Nonexpendable cemetery principal	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 16,643</u>	<u>\$ 35,805</u>	<u>\$ 6,666</u>

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<i>Special Revenue Funds</i>		<i>Capital Projects Fund</i>	<i>Permanent Fund</i>	
<i>1997</i>	<i>1999</i>			
<i>Reese Rd</i>	<i>Bradley</i>	<i>Township</i>	<i>Cemetery</i>	<i>Total</i>
<i>M-15</i>	<i>Road</i>	<i>Hall Addition</i>	<i>Perpetual</i>	<i>Nonmajor</i>
<i>Water District</i>	<i>Water District</i>	<i>Construction</i>	<i>Care</i>	<i>Governmental</i>
<i>#9</i>	<i>#10</i>	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
\$ -	\$ -	\$ 1,412	\$ 75,669	\$ 77,081
31,220	30,651	-	-	120,735
-	-	-	1,460	1,710
<u>\$ 31,220</u>	<u>\$ 30,651</u>	<u>\$ 1,412</u>	<u>\$ 77,129</u>	<u>\$ 199,526</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,165
31,220	30,651	-	-	119,820
31,220	30,651	-	-	120,985
-	-	-	-	-
-	-	1,412	-	1,412
-	-	-	77,129	77,129
-	-	1,412	77,129	78,541
<u>\$ 31,220</u>	<u>\$ 30,651</u>	<u>\$ 1,412</u>	<u>\$ 77,129</u>	<u>\$ 199,526</u>

# BLUMFIELD TOWNSHIP

## NONMAJOR GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2006

	<i>Debt Service Funds</i>			
	<i>1991 Haack Rd M-15 Water District #3</i>	<i>1992 M-46 M-83 Water District #4</i>	<i>1994 Block / M-46 Reese Rd Water District #7</i>	<i>1994 Janes East of Beyer Water District #8</i>
<b>Revenues:</b>				
Interest	\$ 12	\$ 1,615	\$ 1,510	\$ 273
Sale of perpetual care	-	-	-	-
Special assessments	-	3,106	14,002	2,222
Total revenues	12	4,721	15,512	2,495
<b>Expenditures:</b>				
Debt service:				
Principal	15,000	-	-	-
Interest and charges	1,145	-	-	-
Total expenditures	16,145	-	-	-
Excess (deficiency) of revenues over expenditures	(16,133)	4,721	15,512	2,495
<b>Other financing sources:</b>				
Transfers from Water Authority	13,203	-	-	-
Transfers out	-	-	-	-
Transfers to Water Authority	-	(4,721)	(15,512)	(2,495)
Total other financing sources	13,203	(4,721)	(15,512)	(2,495)
Net change in fund balance	(2,930)	-	-	-
Fund balance, beginning of year	2,930	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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<i>Debt Service Funds</i>		<i>Capital Projects Fund</i>	<i>Permanent Fund</i>	
<i>1997</i>	<i>1999</i>			
<i>Reese Rd</i>	<i>Bradley</i>	<i>Township</i>	<i>Cemetery</i>	<i>Total</i>
<i>M-15</i>	<i>Road</i>	<i>Hall Addition</i>	<i>Perpetual</i>	<i>Nonmajor</i>
<i>Water District</i>	<i>Water District</i>	<i>Construction</i>	<i>Care</i>	<i>Governmental</i>
<i>#9</i>	<i>#10</i>	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
\$ 2,470	\$ 1,945	\$ -	\$ 2,810	\$ 10,635
-	-	-	1,400	1,400
8,703	10,661	-	-	38,694
11,173	12,606	-	4,210	50,729
-	-	-	-	15,000
-	-	-	-	1,145
-	-	-	-	16,145
11,173	12,606	-	4,210	34,584
-	-	-	-	13,203
-	-	-	(2,442)	(2,442)
(11,173)	(12,606)	-	-	(46,507)
(11,173)	(12,606)	-	(2,442)	(35,746)
-	-	-	1,768	(1,162)
-	-	1,412	75,361	79,703
\$ -	\$ -	\$ 1,412	\$ 77,129	\$ 78,541

# BLUMFIELD TOWNSHIP

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*FIDUCIARY FUNDS – AGENCY FUND*  
**STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES**

March 31, 2006

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
<b><u>Property Tax Collection Fund</u></b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 5,653</u>	<u>\$ 2,393,148</u>	<u>\$ 2,394,996</u>	<u>\$ 3,805</u>
<b>Liabilities :</b>				
Due to other governmental units	<u>\$ 5,653</u>	<u>\$ 2,393,148</u>	<u>\$ 2,394,996</u>	<u>\$ 3,805</u>

# BLUMFIELD TOWNSHIP

## SCHEDULES OF INDEBTEDNESS

March 31, 2006

### 1992 Contract Payable to Water Authority for Special Assessment Bonds Issued in Name of Water Authority (M-46/M-83 Water District #4):

<i>Interest Rate</i>	<i>Fiscal Year</i>	<i>Semi-Annual Interest Payments</i>		<i>Annual Maturity</i>	<i>Total Fiscal Year Requirements</i>
		<i>October 1</i>	<i>April 1</i>		
6.6%	2007	\$ 1,344	\$ 1,179	\$ 5,000	\$ 7,523
6.7	2008	1,179	1,011	5,000	7,190
6.7	2009	1,011	844	5,000	6,855
6.75	2010	844	675	5,000	6,519
6.75	2011	675	338	10,000	11,013
6.75	2012	338	-	10,000	10,338
		<u>\$ 5,391</u>	<u>\$ 4,047</u>	<u>\$ 40,000</u>	<u>\$ 49,438</u>

### 1994 Installment Purchase Contract Payable to First of America Bank for Special Assessment Water Project (Block, M-46, Reese Road, Water District #7):

<i>Payment Number</i>	<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
13	15-Mar-07	\$ 16,333	\$ 2,484	\$ 18,817
14	15-Mar-08	16,333	1,661	17,994
15	15-Mar-09	16,333	829	17,162
		<u>\$ 48,999</u>	<u>\$ 4,974</u>	<u>\$ 53,973</u>

Interest rate - 5.0%

### 1994 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (Janes, East of Beyer, Water District #8):

<i>Payment Number</i>	<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
13	15-Mar-07	\$ 3,000	\$ 456	\$ 3,456
14	15-Mar-08	3,000	305	3,305
15	15-Mar-09	3,000	152	3,152
		<u>\$ 9,000</u>	<u>\$ 913</u>	<u>\$ 9,913</u>

Interest rate - 5.0%



# BLUMFIELD TOWNSHIP

## SCHEDULES OF INDEBTEDNESS

March 31, 2006

### 1997 Installment Purchase Contract Payable to Citizens Bank for Special Assessment Water Project (Reese Road - M-15, Water District #9):

<i>Payment Number</i>	<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
10	2-15-07	\$ 8,314	\$ 3,567	\$ 11,881
11	2-15-08	8,824	3,057	11,881
12	2-15-09	9,365	2,516	11,881
13	2-15-10	9,939	1,942	11,881
14	2-15-11	10,548	1,333	11,881
15	2-15-12	11,194	687	11,881
		<u>\$ 58,184</u>	<u>\$ 13,102</u>	<u>\$ 71,286</u>

Interest rate - 6.1%

### 1999 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (Bradley Road, Water District #10):

<i>Payment Number</i>	<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
8	12-1-06	\$ 4,867	\$ 1,888	\$ 6,755
9	12-1-07	4,867	1,652	6,519
10	12-1-08	4,867	1,416	6,283
11	12-1-09	4,867	1,180	6,047
12	12-1-10	4,867	944	5,811
13	12-1-11	4,867	708	5,575
14	12-1-12	4,867	472	5,339
15	12-1-13	4,862	236	5,098
		<u>\$ 38,931</u>	<u>\$ 8,496</u>	<u>\$ 47,427</u>

Interest rate - 4.85%

### 1999 Water Special Assessment Bonds in the Name of the Township (Janes Road, Beyer Road, Water District #11):

<i>Interest Rate</i>	<i>Fiscal Year</i>	<i>Semi-Annual Interest Payments</i>		<i>Annual Maturity</i>	<i>Total Fiscal Year Requirements</i>
		<i>October 1</i>	<i>April 1</i>		
5.55	2007	\$ 3,747	\$ 3,746	\$ 15,000	\$ 22,493
5.55	2008	3,330	3,330	20,000	26,660
5.55	2009	2,775	2,775	15,000	20,550
5.55	2010	2,359	2,359	15,000	19,718
5.55	2011	1,942	1,943	20,000	23,885
5.55	2012	1,388	1,387	15,000	17,775
5.52	2013	971	971	15,000	16,942
5.55	2014	555	555	20,000	21,110
		<u>\$ 17,067</u>	<u>\$ 17,066</u>	<u>\$ 135,000</u>	<u>\$ 169,133</u>

# BLUMFIELD TOWNSHIP

## SCHEDULES OF INDEBTEDNESS

March 31, 2006

### 2002 Water Special Assessment Bonds in the Name of the Township (N. Gera Rd., M-15, Water District #12):

<i>Interest Rate</i>	<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Fiscal Year Requirements</i>
4.375%	2007	\$ 20,000	\$ 10,500	\$ 30,500
4.375	2008	20,000	9,625	29,625
4.375	2009	20,000	8,750	28,750
4.375	2010	20,000	7,875	27,875
4.375	2011	20,000	7,000	27,000
4.375	2012	20,000	6,125	26,125
4.375	2013	20,000	5,250	25,250
4.375	2014	25,000	4,375	29,375
4.375	2015	25,000	3,281	28,281
4.375	2016	25,000	2,188	27,188
4.375	2017	25,000	1,094	26,094
		<u>\$ 240,000</u>	<u>\$ 66,063</u>	<u>\$ 306,063</u>

### 2004 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (W. Haack Rd./Reese Rd., Water District #14):

<i>Interest Rate</i>	<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Fiscal Year Requirements</i>
4.150%	3-15-07	\$ 12,500	\$ 4,150	\$ 16,650
4.150	3-15-08	12,500	3,631	16,131
4.150	3-15-09	12,500	3,113	15,613
4.150	3-15-10	12,500	2,594	15,094
4.150	3-15-11	12,500	2,075	14,575
4.150	3-15-12	12,500	1,556	14,056
4.150	3-15-13	12,500	1,038	13,538
4.150	3-15-14	12,500	519	13,019
		<u>\$ 100,000</u>	<u>\$ 18,676</u>	<u>\$ 118,676</u>

### 2003 Installment Purchase Contract to National City Bank for Construction of Township Hall Addition.

<i>Payment Number</i>	<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
3	05-01-06	\$ 17,872	\$ 5,898	\$ 23,770
4	05-01-07	18,526	5,245	23,771
5	05-01-08	19,204	4,567	23,771
6	05-01-09	19,907	3,863	23,770
7	05-01-10	20,635	3,136	23,771
8	05-01-11	21,391	2,380	23,771
9	05-01-12	22,174	1,596	23,770
10	05-01-13	21,457	785	22,242
		<u>\$ 161,166</u>	<u>\$ 27,470</u>	<u>\$ 188,636</u>

Interest rate – 3.66%



June 20, 2006

To The Township Board  
Blumfield Township

We have audited the financial statements of Blumfield Township for the year ended March 31, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

We conducted our audit of the financial statements of Blumfield Township in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as “the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.”

An independent auditor’s objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor’s work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, “in our opinion.”

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

#### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Blumfield Township are described in Note 1 to the financial statements. We noted no transactions entered into by Blumfield Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

#### Other Communications

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management’s current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the organization's financial statements, dated June 20, 2006.

Summary

We welcome any questions you may have regarding the foregoing.

Sincerely,

*Berthiaume & Co.*

Berthiaume & Company  
Certified Public Accountants